

Message Text

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C O N F I D E N T I A L TOKYO 1967

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SUBU: JAPANESE IMPACT OF THE LOCKHEED TESTIMONY

SUMMARY: ALLEGATIONS OF IMPROPER PAYOFF IN JAPAN BY LOCKHEED COULD RESULT IN A MAJOR SCANDAL HERE. NAMES AND PROOF OF IMPROPER INVOLVEMENT ARE NOW BEING SOUGHT IN WASHINGTON. IT IS ALREADY CLEAR, HOWEVER, THAT THE LOCKHEEDAFFAIR WILL HAVE IMPORTANT IMPACT ON THE DIET, ON TIMING OF DISSOLUTION/GENERAL ELECTION, AND POSSIBLY ON IMPORTANT GOVERNMENT AND LDP OFFICIALS AS WELL. IF THERE ARE NO FURTHER WASHINGTON REVELATIONS, THE MATTER COULD QUICKLY SUBSIDE. BUT IF,AS MANY EXPECT, THE NAMES OF THOSE WHO RECEIVED LOCKHEED PAYOFFS BECOME KNOWN, IT COULD LEAD TO THE RESIGNATION OF A FEW CABINET AND/OR PARTY OFFICIALS. END SUMMARY.

1. ALLEGATIONS OF PAYOFFS IN JAPAN MADE BY LOCKHEED OFFICIALS BEFORE THE CHURCH SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS HAVE THE MAKINGS OF MAJOR SCANDAL HERE. AS SUCH, IT IS BEING TAKEN EXTREMELY SERIOUSLY BY THE GOJ AND RULING LIBERAL DEMOCRATIC PARTY (LDP), AND BOTH ARE CLEARLY ON THE DEFENSIVE. THUS FAR, THEY HAVE SOUGHT. CONFIDENTIAL

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WITH CONSIDERABLE SUCCESS, TO PUT THE LID ON HERE AT

HOME. EVERYONE QUIERIED HAS, AS EXPECTED, DENIED ANY INVOLVEMENT WHATSOEVER, THE JAPANESE MEDIA HAS PROCEEDED WITH UNCUSTOMARY CAUTION IN ITS INVESTIGATIONS, AND MIKI'S PRESS SECRETARY HAS PROMISED, NOT VERY CONVINCINGLY, A THOROUGH GOVERNMENT PROBE OF THE MATTER.

2. BUT THEY DO NOT CONTROL EVENTS IN WASHINGTON. AND IT IS TO WASHINGTON THHAT THE BATTLE FOR INFORMATION -- SPECIFICALLY AAMES AND PROOF OF IMPROPER INVOLVEMENT-- HAS NOW SHIFTED. OPPOSITION PARTY MISSIONS HAVE GONE THERE IN HOPE OF EMBARRASSING THE GOVERNMENT AND SPECIFIC LDP POLITICIANS. TOP LDP POLITICOS HAVE DISPATCHED THEIR OWN EMISSARIES FROM THE MEDIA OR ELSEWHERE TO OBSERVE AND REPORT. EVEN THE FONOFF HAS ENT A DEPUTY MINISTER TO "COORDINATE" APPROACHES TO THE CHURCH COMMITTEE. IT IS TOO EARLY TO TELL HOW ALL OF THIS WILL PLAY OUT, BUT WE HAVE REACHED SOME TENTATIVE CONCLUSIONS ABOUT POSSIBLE IMPACT ON THE DIET, ON TIMING OF DIET DISSOLUTION/GENERAL ELECTION, ON MIKI AND THE GOVERNMENT, AND ON OTHER TOP LDP POLITICIANS.

3. DIET PLAY OUT. UNTIL THE EMERGENCE OF THE LOCKHEED AFFAIR, DIETDELIBERATIONS WERE PROCEEDING AT A PACE SET BY THE LDP. IT WAS AIMING AT LOWER HOUSE APPROVAL OF THE BUDGET BY THE END OF THIS MONTH AND HOPING TO CAPITALIZE ON THE CAMPAIGN THEN UNDERWAY TO DISCREDIT JCP CHAIRMAN MIYAMOTO. THE LOCKHEED AFFAIR, HOWEVER, HAS PLACED THE LDP SQUARELY ON THE DEFENSIVE. THE OPPOSITION HAS BEEN THREATENING TO BOYCOTT ALL DIET PROCEEDINGS UNLESS THE LDP AGREED TO SUBPOENA YOSHIO KODAMA, KENJI OSANO AND MARUBENI AND "ALL JAPAN" AIRLINES OFFICIALS TO TESTIFY BEFORE THE DIET AS SWORN WITNESSES, SUBJECT TO LEGAL SANCTIONS FOR FAILURE TO APPEAR OR PERJURY. THE LDP HAS BEEN RESISTING SUCH DEMANS, INSISTING THAT WITNESSES BE CALLED AS "CONSULTANTS" TO WHOM LEGAL SANCTIONS WOULD NOT APPLY. RESPONDING TO MEDIA DEMANDS FOR A THOROUGH INVESTIGATION INTO THE LOCKHEED AFFAIRS AND AMID MOUNTING CONCERN OVER THE POSSIBILITY OF DELAY IN PASSING THE BUDGET, THE LDP

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APPEARS TO HAVE RELENTED AND MAY NOW BE WILLING TO CALL WITNESSES UNDER OATH ON THE CONDITION THAT A SPECIAL COMMITTEE BE ESTABLISHED TO INVESTIGATE THE MATTER. FOR THE MOMENT, THIS MAY KEEP BUDGET DELIBERATIONS ON SCHEDULE, BUT IT WILL PROBABLY AFFECT THE WORK OF OTHER COMMITTEES ON TREATIES, ETC. IT MAY ALSO PRVENT FURTHER OPPSSITION PROBING INTO OVERSEAS CIA ACTIVITIES UNLESS THE JCP COULD SOMEHOW LINK THE CIA AND THE

OPERATIONS OF MULTINATIONAL CORPORATIONS, SPECIFICALLY
LOCKHEED.

4. DISSOLUTION/ELECTION PROSPECTS. WHATEVER THE PROSPECTS MAY HAVE BEEN FOR A SPRING DISSOLUTION OF THE LOWER HOUSE, THEY HAVE BEEN FUNDAMENTALLY AFFECTED BY THE LOCKHEED INCIDENT. THE OPPOSITION, HOPING TO CAPITALIZE ON ACCUSATIONS OF CORRUPTION IN HIGH PLACES, HAS RENEWED ITS DEMANDS FOR AN EARLY DISSOLUTION AND ELECTION. FOR THE MOMENT, THE LDP LEADERSHIP IS TALKING IN TERMS OF A FALL ELECTION IN THE HOPE THAT A COOLING OFF PERIOD, SHORT MEMORIES AND THE CONSERVATIVE TENDENCY TO WORK HARDER IN THE FACE OF ADVERSITY MIGHT HELP IT CHANCES.

5. IMPACT ON MIKI AND THE GOVERNMENT. LOCKHEED OFFICIALS HAVE NAMES ONLY THREE JAPANESE RECIPIENTS OF LOCKHEED MONEY THUS FAR. THESE ARE YOSHIO KODAMA, KANJI OSANO, AND THE MARUBENI-IDA TRADING COMPANY. KODAMA CANNOT BE REACHED. OSANO AND MARUBENI OFFICIALS HAVE DENIED ANY INVOLVEMENT. NONETHELESS, ULTRA-RIGHTIST KODAMA IS LINKED HERE WITH FORMER PRIME MINISTER NOBUSUKE KISHI AND LDP SECRETARY YASUHIRO NAKASONE, WHO SERVED AS MINISTER OF INTERNATIONAL TRADE AND INDUSTRY AT THE TIME OF THE TRISTAR DECISION. (ALTHOUGH FUKUDA IS ALSO CONSIDERED TO BE CLOSE TO KISHI, HIS NAME HAS NOT BEEN RAISED.) OSANO HAS LONG STANDING TIES TO FORMER PRIME MINISTER TANAKA AND THE TANAKA FACTION. INDIVIDUAL JOURNALISTS HAVE ALSO MENTIONED TO US POSSIBLE INVOLVEMENT OF PRESENT CONSTRUCTION MINISTER NOBORU TAKESHITA, A WELL KNOWN TANAKA LIEUTENANT, AND THERE IS EVEN ONE SUGGESTION THAT PRIME MINISTER OHIRA, WHO SERVED AS PRIME MINISTER AT THE TIME OF THE TRISTAR DECISION, MAY BE INVOLVED. ONLY THE OSANO-TANAKA TIE, HOWEVER, HAS BEEN PUBLISHED HERE. MARUBENI OFFICIALS HAVE SAID CONFIDENTIAL

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NOTHING ABOUT WHERE MONEY ENTRUSTED TO THEM MAY HAVE GONE.

6. THERE IS NO INDICATION WHATSOEVER THAT PRIME MINISTER MIKI IS INVOLVED. THUS, HIS POSITION SEEMS RELATIVELY SECURE UNLESS FURTHER REVELATIONS ARE SO DAMAGING TO THE LDP THAT THE RESIGNATION OF ITS PRESIDENT ((MIKI)) IS CALLED FOR. OF CURRENT GOVERNMENT OR PARTY OFFICIALS, TAKESHITA AND NAKASONE APPEAR TO BE THE MOST VULNERABLE. IF WASHINGTON REVELATIONS BECOME MORE SPECIFIC, THEIR RESIGNATIONS ARE POSSIBLE. THE NATURE AND EXTENT OF POSSIBLE OHIRA INVOLVEMENT IS NOT SUFFICIENTLY CLEAR TO WENTURE A PREDICTION ABOUT HIM.

7. IMPACT ON OTHER LDP LEADERS. FORMER PRIME MINISTER KISHI

PLAYS A RELATIVELY SMALL ROLE IN PARTY AFFAIRS AND HIS STATURE IS NOT LIKELY TO BE AFFECTED SIGNIFICANTLY. ON THE OTHER HAND, FORMER PRIME MINISTER TANAKA WHO HAS BEEN PLAYING AN INCREASINGLY IMPORTANT BACKSTAGE ROLE, APPEARS LIKELY TO BE FORCED BACK INTO A DECIDEDLY LOW PROFILE FOR SOME TIME. OHIRA WOULD BE ADVERSELY AFFECTED BY THAT, AS WELL AS HIS OWN POSSIBLE PERSONAL INVOLVEMENT. WHETHER FUKUDA CAN USE ANY OF THESE TO HIS ADVANTAGE REMAINS TO BE SEEN, ALTHOUGH WE EXPECT HE WILL TRY. THE ONLY REASONABLY SURE GAINER AMONG LDP LEADERS AT THIS POINT IS LDP VICE PRESIDENT SHIINA WHO IS THE PARTY'S CHIEF PROPONENT OF LATE (FALL) ELECTIONS AND MORE RESPONSIBLE CANDIDATE FINANCING.

8. CONCLUSIONS. IT IS STILL TOO EARLY TO TELL HOW THE LOCKHEED AFFAIR WILL PLAY OUT. IF THERE ARE NO FURTHER WASHINGTON REVELATIONS, IT IS NOT IMPOSSIBLE THAT THE MATTER WILL QUICKLY SUBSIDE. ON THE OTHERHAND, IF AS MANY EXPECT, THE NAMES OF THOSE JAPANESE WHO ALLEGEDLY RECEIVED PAYOFFS BECOME KNOWN, IT COULD SET OFF A CHAIN OF REPERCUSSIONS WITHIN THE GOVERNMENT AND LDP WHICH ARE DIFFICULT TO PREDICT NOW. AS INDICATED ABOVE, OUR BEST GUESS IS THAT DAMAGE WOULD BE LIMITED TO THE RESIGNATION OF A FEW CABINET AND/OR PARTY OFFICIALS, BUT NO ONE CAN SAY FOR SURE AT THIS POINT.

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